



[Billing Code 3290-F8]

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

**[Docket Number USTR-2018-0032]**

**Procedures to Consider Requests for Exclusion of Particular Products from the Additional Action Pursuant to Section 301: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation**

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice and request for comments.

**SUMMARY:** In a notice published on August 16, 2018 (83 FR 40823), the U.S. Trade Representative (Trade Representative) determined to take an additional action in the Section 301 investigation of China's acts, policies, and practices related to technology transfer, intellectual property, and Innovation. The August 16 notice also announced that the Trade Representative would establish a process by which U.S. stakeholders may request that particular products classified within a tariff subheading covered by the additional action be excluded from the additional duties. This notice sets out the specific procedures and criteria related to requests for product exclusions, and opens up a docket for the receipt of exclusion requests.

**DATES:** USTR must receive all requests to exclude a particular product by December 18, 2018. Responses to a request for exclusion of a particular product are due 14 days after the request is posted in docket number USTR-2018-0032 on [www.regulations.gov](http://www.regulations.gov). Any replies to responses to an exclusion request are due the later of 7 days after the close of the 14 day response period, or 7 days after the posting of a response.

**ADDRESSES:** USTR strongly prefers electronic submissions made through the Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting requests for exclusion, responses to requests, and replies to responses in section B below. The docket number is USTR-2018-0032.

**FOR FURTHER INFORMATION CONTACT:** For questions about the product exclusion process, contact Assistant General Counsels Megan Grimball or Philip Butler, or Director of Industrial Goods Justin Hoffmann at (202) 395–5725. For questions on customs classification or implementation of additional duties, contact [traderemedy@cbp.dhs.gov](mailto:traderemedy@cbp.dhs.gov).

**SUPPLEMENTARY INFORMATION:**

**A. Background**

On August 18, 2017, the Office of the U.S. Trade Representative (USTR) initiated an investigation into certain acts, policies, and practices of the Government of China related to technology transfer, intellectual property, and innovation (82 FR 40213).

In a notice published on April 6, 2018 (83 FR 14906), the Trade Representative announced a determination that the acts, policies, and practices of the Government of China covered in the investigation are unreasonable or discriminatory and burden or restrict U.S. commerce. The April 6 notice also invited public comment on a proposed action in the investigation, in the form of an additional 25 percent *ad valorem* duty on products from China classified in a list of 1,333 tariff subheadings, with an annual trade value of approximately \$50 billion.

After review, the Trade Representative determined to take an initial action in the investigation, and to consider an additional proposed action. *See* 83 FR 28710 (June 20,

2018). The Trade Representative narrowed the proposed list in the April 6 notice to 818 tariff subheadings, with an approximate annual trade value of \$34 billion. This initial action became effective on July 6, 2018. The additional proposed action was an additional *ad valorem* duty of 25 percent on products of China classified in 284 tariff subheadings, with an annual trade value of approximately \$16 billion, as set forth in Annex C to the June 20 notice.

After review, the Trade Representative determined to impose additional duties on 279 tariff subheadings, with an annual trade value of approximately \$16 billion. *See* 83 FR 40823 (August 16, 2018). The additional duties on these products took effect on August 23, 2018.

During the notice and comment process, a number of interested persons asserted that specific products within a particular tariff subheading only were available from China, that the imposition of additional duties on the specific products would cause severe economic harm to a U.S. interest, and that the specific products were not strategically important or related to the “Made in China 2025” program. In light of such concerns, the Trade Representative determined to establish a process by which U.S. stakeholders may request that particular products classified within a covered HTSUS subheading be excluded from the additional action. That process is set out in the remainder of this notice.

#### **B. Procedures to Request the Exclusion of Particular Products**

USTR invites interested persons, including trade associations, to submit requests for exclusion from the additional duties of a particular product classified within an HTSUS subheading set out in Annex A of the notice published at 83 FR 40823 (August

16, 2018). As explained in more detail below, each request specifically must identify a particular product, and provide supporting data and the rationale for the requested exclusion. USTR will evaluate each request on a case-by-case basis, taking into account whether the exclusion would undermine the objective of the Section 301 investigation. Any exclusion will be effective starting from the August 23, 2018 effective date of the additional duties, and extending for one year after the publication of the exclusion determination in the Federal Register. In other words, an exclusion, if granted, will apply retroactively to the August 23 date of the imposition of the additional duties. USTR will periodically announce decisions on pending requests.

*1. Requests for Exclusion of Particular Products*

With regard to product identification, any request for exclusion must include the following information:

- Identification of the particular product in terms of the physical characteristics (*e.g.*, dimensions, material composition, or other characteristics) that distinguish it from other products within the covered 8-digit subheading. USTR will not consider requests that identify the product at issue in terms of the identity of the producer, importer, ultimate consumer, actual use or chief use, or trademarks or tradenames. USTR will not consider requests that identify the product using criteria that cannot be made available to the public.
- The 10-digit subheading of the HTSUS applicable to the particular product requested for exclusion.
- Requesters also may submit information on the ability of U.S. Customs and Border Protection to administer the exclusion.

Requesters must provide the annual quantity and value of the Chinese-origin product that the requester purchased in each of the last three years. For trade association requesters, please provide such information based on your members' data. If precise annual quantity and value information are not available, please provide an estimate and explain the basis for the estimation.

For imports sold as final products, requesters must provide the percentage of their total gross sales in 2017 that sales of the Chinese-origin product accounted for.

For imports used in the production of final products, requesters must provide the percentage of the total cost of producing the final product(s) the Chinese-origin input accounts for and the percentage of their total gross sales in 2017 that sales of the final product(s) accounted for.

With regard to the rationale for the requested exclusion, each request for exclusion should address the following factors:

- Whether the particular product is available only from China. In addressing this factor, requesters should address specifically whether the particular product and/or a comparable product is available from sources in the United States and/or in third countries.
- Whether the imposition of additional duties on the particular product would cause severe economic harm to the requester or other U.S. interests.
- Whether the particular product is strategically important or related to “Made in China 2025” or other Chinese industrial programs.

In addressing each factor, the requester should provide support for their assertions. Requesters also may provide any other information or data that they consider relevant to an evaluation of the request.

Any request that contains business confidential information must be accompanied by a public version. The public version will be posted on [regulations.gov](http://www.regulations.gov).

2. *Responses to Requests for Exclusions*

After a request for exclusion of a particular product is posted on docket number USTR 2018-0032, interested persons will have 14 days to respond to the request, indicating support or opposition and providing reasons for their view. All responses must clearly identify the specific request for exclusion being addressed. You can view requests for exclusions on [www.regulations.gov](http://www.regulations.gov) by entering docket number USTR–2018–0032 in the search field on the home page.

3. *Replies to Responses to Requests for Exclusions*

After a response is posted on docket number USTR 2018-0032, interested persons will have the opportunity to reply to the response. Any reply must be posted within the later of 7 days after the close of the 14 day response period, or 7 days after the posting of a response. All replies must clearly identify the specific responses being addressed.

4. *Submission Instructions*

As noted above, interested persons must submit requests for exclusions by December 18, 2018. Any responses to those requests must be submitted within 14 days after the requests are posted. Any reply to a response must be submitted within the later of 7 days after the close of the 14 day response period, or 7 days after the posting of a

response. Interested persons seeking to exclude two or more products must submit a separate request for each product, *i.e.*, one product per request.

All submissions must include a statement that the submitter certifies that the information provided is complete and correct to the best of his or her knowledge.

To assist in review of requests for exclusion, USTR has prepared a request form that will be posted on the USTR website under ‘Enforcement/Section 301 investigations’ and on the [www.regulations.gov](http://www.regulations.gov) docket in the ‘supporting documents’ section. USTR strongly encourages interested persons to use the form to submit requests, though use of the form is not required. All submissions must be in English and sent electronically via [www.regulations.gov](http://www.regulations.gov).

5. *To Submit a Product Exclusion Request*

To submit requests via [www.regulations.gov](http://www.regulations.gov), enter document ID number USTR-2018-0032 on the home page and click ‘search.’ The site will provide a search-results page listing the Federal Register notice associated with this docket. Find a reference to this notice and click on the link titled ‘comment now!’. Once posted on the electronic docket, the exclusion request will be viewable in the ‘primary documents’ section.

File names for requests for exclusions must include the 10-digit subheading of the HTSUS applicable to the particular product and the name of the person or entity submitting the request (*e.g.*, 1234567890 Initech). If the request includes business confidential information, then two files must be submitted – the business confidential version and a public version. The file names must indicate the version, *e.g.*, 1234567890 Initech BC and 1234567890 Initech P. Additional instructions on business confidential submissions can be found below in Section B.8 of this notice.

6. *To Submit a Response to a Product Exclusion Request*

To respond to a request for exclusion, please find the request in the ‘primary documents’ section of the docket and click on the link titled ‘comment now!’ associated with that specific request. Responses made on requests for exclusion will appear in the ‘comments’ section of the docket.

File names for responses to requests should include the document ID of the request and the name of the person or entity submitting the response (*e.g.*, USTR-2018-0032-0005 Initrode). If the response includes business confidential information, then two files must be submitted – the business confidential information version and a public version. The file names should indicate the version, *e.g.*, USTR-2018-0032-0005 Initrode BC and USTR-2018-0032-0005 Initrode P.

7. *To Submit a Reply to a Response on a Product Exclusion Request*

To reply to a response made to an exclusion request, please find the exclusion request that is the subject of the response in the ‘primary documents’ section of the docket and click on the link titled ‘comment now!’. Replies will appear in the ‘comments’ section of the docket.

File names for replies should include the document ID of the response and the name of the person or entity submitting the reply (*e.g.*, USTR-2018-0032-0020 Initech). If the reply includes business confidential information, then two files must be submitted – the business confidential information version and a public version. The file names must indicate the version, *e.g.*, USTR-2018-0032-0020 Initech BC and USTR-2018-0032-0020 Initech P.



For further information on using the [www.regulations.gov](http://www.regulations.gov) website, please consult the resources provided on the website by clicking on 'How to Use Regulations.gov' on the bottom of the home page.

8. *Document Format Instructions*

Submit requests for product exclusions in an attached document. Type 'see attached' in the 'comment' field. USTR prefers submissions made using the request form that will be posted on the USTR website under 'Enforcement/Section 301 investigations' and on the [www.regulations.gov](http://www.regulations.gov) docket in the 'supporting documents' section and saved as a searchable Adobe Acrobat (.pdf) document. If you do not use the USTR form, USTR prefers submissions made in Microsoft Word (.doc) or searchable Adobe Acrobat (.pdf). If you use an application other than those two, please indicate the name of the application in the 'comment' field.

Please do not attach separate cover letters to electronic submissions; rather, include any information that might appear in a cover letter in the comments themselves. Similarly, to the extent possible, please include any exhibits, annexes, or other attachments in the same file as the comment itself, rather than submitting them as separate files.

For any documents submitted electronically containing business confidential information, the file name of the business confidential version must end with the characters 'BC'. Any page containing business confidential information must be clearly marked 'BUSINESS CONFIDENTIAL' on the top of that page and the submission should clearly indicate, via brackets, highlighting, or other means, the specific information that is business confidential. If you request business confidential treatment,

you must certify in writing that disclosure of the information would endanger trade secrets or profitability, and that the information would not customarily be released to the public. Filers of submissions containing business confidential information also must submit a public version of their submissions. The file name of the public version must end with the character 'P'. The 'BC' and 'P' should follow the rest of the file name. If these procedures are not sufficient to protect business confidential information or otherwise protect business interests, please contact the USTR Section 301 line at (202) 395-5725 to discuss whether alternative arrangements are possible.

USTR will post submissions in the docket for public inspection, except business confidential information. You can view submissions on the <https://www.regulations.gov> website by entering docket number USTR-2018-0032 in the search field on the home page.

**Robert E. Lighthizer,**

*United States Trade Representative.*

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